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PART I

GOVERNMENT OF PUNJAB

DEPARTMENT OF LEGAL AND LEGISLATIVE AFFAIRS, PUNJAB

NOTIFICATION

The 14th August, 2017

No.21-Leg./2017.- The following Act of the Legislature of the State of Punjab received the assent of the Governor of Punjab on the 22nd day of July, 2017, is hereby published for general information:-

**THE PUNJAB AGRICULTURAL PRODUCE MARKETS
(SECOND AMENDMENT) ACT, 2017.**

(Punjab Act No. 17 of 2017)

AN

ACT

further to amend the Punjab Agricultural Produce Markets Act, 1961.

BE it enacted by the Legislature of the State of Punjab in the Sixty-eighth Year of the Republic of India as follows:-

1. (1) This Act may be called the Punjab Agricultural Produce Markets (Second Amendment) Act, 2017. Short title and commencement.

(2) It shall come into force on and with effect from the date of its publication in the Official Gazette.

2. In the Punjab Agricultural Produce Markets Act, 1961 (hereinafter referred to as the principal Act), for section 2, the following section shall be substituted, namely:- Substitution of section 2 of Punjab Act 23 of 1961.

“ 2. In this Act, unless the context otherwise requires,-

Definitions.

- (1) “ad-hoc buyer” means a buyer who is registered under this Act as such;
- (2) “agricultural produce” means all produce, whether processed or not, of agriculture, horticulture, medicinal plants, animal husbandry, livestock or forest as specified in the Schedule to this Act;
- (3) “assaying lab” means laboratory set up as prescribed for testing of quality parameters as per the tradable parameters or grade-standards or any other parameters notified by the competent authority;

- (4) “Board” means the Punjab State Agricultural Marketing Board established under this Act for the State of Punjab;
- (5) “broker” means a person, other than a private servant or an auctioneer, usually employed on commission to enter into contracts on behalf of others for the purchase or sale of agricultural produce;
- (6) “buyer” means a person, who himself or on behalf of any person or an agent who buys or agrees to buy agricultural produce in the market or notified market area, as the case may be;
- (7) “Committee” means a market committee established and constituted under sections 11 and 12;
- (8) “Competent Authority” means an authority as may be notified by the State Government ;
- (9) "contract farming" means an agreement between the contract farming sponsors who offers to purchase and the contract farming producer who agrees to produce under which the production and marketing of an agricultural produce is carried out as per the terms and conditions laid down in the agreement;
- (10) “Co-operative Society” means a Co-operative Society registered or deemed to be registered under the Punjab Co-operative Societies Act, 1961, or any other corresponding law for the time being in force which deals in the purchase, sale processing or storage of agricultural produce, or is otherwise engaged in the business of disposal of agricultural produce;
- (11) “dealer” means any person who within the notified market area sets up, establishes or continues or allows to be continued any place for the purchase, sale, storage or processing of agricultural produce notified under sub-section (1) of section 6 or purchases, sells, stores or processes such agricultural produce;
- (12) “direct marketing” means the sale of agricultural produce by the producer directly to the buyer may be outside or inside the principal market yard or sub-market yard or any other market yard notified under this Act;
- (13) “e-trading” means trading of agricultural produce in which registration, billing, booking, contracting, auctioning, tendering, information exchanging, record keeping and other connected activities as are done electronically on computer network/ internet;

- (14) “e-trading platform” means electronic platform set up either by State Government or its agencies or a person licenced under this Act for sale or purchase of agricultural produce through electronic media or by any means of communication in which registration, buying and selling, billing, booking, contracting, auctioning and tendering are carried out online through computer network/ internet or any other such electronic device, where physical transaction takes place;
- (15) “farmer producer company” means a company of farmer-producer members registered under sub-section (1) of section 465 of the Companies Act, 2013;
- (16) “Godown Keeper” means a person, other than a producer, who stores agricultural produce for himself for sale or stores agricultural produce of others in lieu of storage charges;
- (17) “licensee” means a person to whom a licence is granted under section 10 and the rules made under this Act and includes any person who buys or sells agricultural produce and to whom a licence is granted as Kacha Arhtia or commission agent or otherwise but does not include a person licensed under section 13;
- (18) “livestock” means cattle, goat, sheep, poultry, fish and such other animals and products thereof as specified in the Schedule of this Act ;
- (19) “market” means a market established and regulated under this Act for the notified market area, and includes a market proper, a principal market yard, sub-market yard and private market yard;
- (20) “marketing” means all agricultural activities involved in the flow of agricultural produce from the production points commencing from the stage of harvest till these reach the ultimate consumers such as purchase, sale, storage, processing, trading, transportation, cleaning, weighing, standardization, grading, packing for the value addition and other connected activities of agricultural produce and all other functions connected therewith including the marketing under contract farming;
- (21) “market proper” means any area including all lands with the buildings thereon, within such distance of the principal market

or sub-market yard, as may be notified in the Official Gazette by the State Government, to be a market proper;

- (22) “member” includes the Chairman of the Board;
- (23) “notified market area” means any area notified under section 6;
- (24) “over trading” means the amount exceeding the value of the agricultural produce including livestock purchased at any point of time vis-a-vis to the amount of security deposited with or the bank guarantee furnished to the market committee as prescribed;
- (25) “person” means an individual, registered or unregistered firm, Hindu Undivided Family, Company, Co-operative Society, Government agency or Public Sector Undertaking or Corporation, as the case may be;
- (26) “prescribed” means prescribed by rules made under this Act;
- (27) “price stabilization fund” means any fund constituted for the purpose of curtailing extreme volatility in prices of specified agricultural produce;
- (28) “principal market yard” and “sub-market yard” mean an enclosure, building or locality declared to be a principal market yard and sub-market yard under section 7;
- (29) “private enterprises” means an economic activity undertaken by private individuals or organization under private ownership;
- (30) “private market yard” means an enclosure, building or locality other than the principal market yard or sub-market yard in notified market area, owned and operated by any person or company or co-operative society in accordance with the terms and conditions of a licence, granted by the State Government and where infrastructure has been developed by such person or company or co-operative society as the case may be;

Explanation: - For the purpose of this clause, company shall mean a company incorporated under the Companies Act, 2013;

- (31) “processing” means any one or more of a series of treatments relating to powdering, crushing, decorticating, de-husking, parboiling, curing or any other manual, mechanical, chemical or physical treatment to which raw agricultural produce or its product is subjected to;

- (32) “producer” means a person who in his normal course of avocation grows, manufactures, rears or produces, as the case may be, agricultural produce personally, through tenants or otherwise, but does not include a person who works as a dealer or a broker or who is a partner of a firm of dealers or brokers or is otherwise engaged in the business of disposal of agricultural produce other than that grown, manufactured, reared, or produced by himself, through his tenants or otherwise. If a question arises as to whether any person is a producer or not for the purposes of this Act, the decision of the Deputy Commissioner of the District in which the person carries on his business or profession shall be final:

Provided that no person shall be disqualified from being a producer merely on the ground that he is a member of a Co-operative Society;

Explanation: - The term ‘producer’ shall also include tenant;

- (33) “producer and consumer market yard” means an enclosure, building or locality in the notified market area, owned and operated by a person or by a group of producers or by the Market Committee in accordance with the terms and conditions of the license granted for this purpose and where the infrastructure has been developed, maintained and operated by such person under section 7-F ;
- (34) “producer market yard (Kissan Mandi)” means a place where the sale of agricultural produce is made by the producer directly to the buyer/retailer whether inside or outside the principal market yard or sub-market yard in the notified market area. A Kissan Mandi yard may be set up with suitable infrastructure in accordance with the provisions of this Act, by a group of producers, Farmer Producer Organization, Farmer Agri. Business Consortium, Farmer Producer Company or by the Market Committee in any notified market area;
- (35) “public private partnership” means providing of services by the Board or the Committee or a group of committees or private enterprises which is funded and operated through a partnership of Board or Committee or a group of committees with one or more private sector entities including companies, private firms or co-operative societies or any other entity

established under a law in force in the State of Punjab by pooling resources or man power for the set up and creation of a market yard, as the case may be;

- (36) "retail sale" means sale of agricultural produce not exceeding such quantity as may be prescribed;
- (37) "seasonal market yard" means an enclosure, building or locality declared to be a seasonal market yard in the notified market area under section 7-A;
- (38) "secretary" means the Executive Officer of a committee and includes an Assistant Secretary or a person officiating or acting as Secretary;
- (39) "self help groups" means a small voluntary association of producers preferably from the same socio-economic background;
- (40) "special market yard" means an enclosure, building, having specially designed infrastructure provided in the Notified Market Area notified under section 7-B and managed by the Board or Committee or Special Purpose Vehicle or company, as the case may be;
- (41) "State Government" means the Government of the State of Punjab in the Department of Agriculture;
- (42) "trade allowance" includes an allowance having the sanction of custom in the notified market area concerned and market charges payable to various functionaries;
- (43) "trading" means the buying or selling of agricultural produce in a notified market area;
- (44) "user charges" means charges levied for the use of infrastructure or for services rendered by the Board or the Committee or by any other entity authorised by the competent authority in this behalf; and
- (45) "value addition" includes cleaning, processing, standardization, grading, packing or other such activities which enhance the value of agricultural produce."

3. In the principal Act, in section 3, in sub-section (3), for the words "hold and sell property", the words and sign "hold, sell, lease or otherwise transfer immovable or movable property as may be prescribed for a period specified in the transfer deed" shall be substituted.

Amendment in
section 3 of
Punjab Act 23 of
1961.

4. In the principal Act, for section 7, the following sections shall be substituted, namely:-

Substitution of
section 7 of
Punjab Act 23 of
1961.

" 7. (1) For each notified market area, there shall be one principal market yard, one or more sub-market yards, one or more seasonal market yards, one or more special market yards, one or more producer and consumer market yards, one or more producer market yards and one or more private market yards as may be necessary.

(2) The State Government may, by notification, declare any enclosure, building or locality in any notified market area to be principal market yard for the area and other enclosures, buildings or localities to be one or more sub-market yards, one or more seasonal market yards, one or more special market yards, one or more producer and consumer market yards, one or more producer market yards and one or more private market yards for the area.

7- A. (1) The Secretary of the Board may for a particular crop or crops notify any enclosure or building or locality in a notified market area to be a seasonal market yard which shall be established, maintained and operated by market committee concerned primarily in the harvesting season of that particular crop or crops, as the case may be.

(2) In the notified market yard under sub-section (1), the Market Committee concerned have to establish a market therein and provide such facilities for marketing of agricultural produce and also for persons visiting it in connection with the purchase, sale, storage, weighment and processing of agricultural produce concerned as the Secretary of the Board may direct from time to time.

7-B. (1) In order to notify a special market yard under section 7, the State Government, apart from other things shall also consider such aspects as turnover, serving area and special infrastructural requirements of particular commodities to be marketed therein as may be prescribed.

(2) Such special market yards may be managed either directly by the Board or through Public Private Partnership or through a co-operative or corporate body or Special Purpose Vehicle or individuals as may be notified from time to time and shall not be under the control of the Market Committee concerned.

7- C. (1) A private market yard may be set up by any person with
Establishment of suitable infrastructure in accordance with the
private market provisions of this Act and rules made thereunder for
yard. the sale or purchase of agricultural produce as may
be specified by the State Government.

(2) The owner of the private market yard, referred to in sub-section (1) shall neither be permitted himself for sale or purchase of agricultural produce in the private market yard so developed and managed by him nor any other person shall do so on his behalf, as the case may be.

(3) Save as otherwise provided in this Act, the owner of the private market yard or its management committee, by whatever name called, referred to in sub-section (1) shall perform such functions and duties of the Market Committee as prescribed and under the overall supervision of the Competent Authority or any other officer authorised in this behalf.

(4) The private market yard referred to in sub-section (1) shall be established subject to the fulfillment of such terms and conditions in such manner as may be prescribed.

7- D. A producer and consumer market yard may be set up with suitable
Establishment of infrastructure in accordance with the provisions of
producer and this Act and rules made thereunder, by any person or
consumer market a group of producers or the Market Committee, as
yard. the case may be, in any notified market area, on
fulfillment of such terms and conditions in such manner as may be
prescribed:

Provided that producer shall sell such quantity of agriculture produce directly to the consumer at a time as may be prescribed.

7-E. Producer Market Yard (Kissan Mandi) may be established outside
Establishment of the principal market yard or sub-market yard in the
producer market notified market area. Such market yard may be set
yard (Kissan up with suitable infrastructure in accordance with the
Mandi). provisions of this Act and the rules made thereunder,
by a group of producers or Farmer Producer Organization or Farmer
Agri. business Consortium or Farmer Producer Company or the Market
Committee in any notified market area for sale to wholesalers or
institutional buyer or any other buyer as may be prescribed.

7- F. Subject to the provisions of this Act and the rules made thereunder,
Permission for the State Government may grant permission to any
e-trading platform. person for setting up a platform for spot marketing of

notified agricultural produce in the State, on fulfillment of such terms and conditions in such manner as may be prescribed:

Provided that owner or service provider of "e-trading platform" shall neither be permitted himself for the sale or purchase of agricultural produce in the "e-trading platform" so developed and managed by him nor any other person shall do so on his behalf, as the case may be.

7- G. Subject to the provisions of this Act and the rules made thereunder, the State Government may grant permission to any person for purchase of the agricultural produce directly from producers outside the principal market yard or sub-market yard or at any place specified in the notified market area, on fulfillment of such terms and conditions in such manner as may be prescribed.

7- H. The Board or with the permission of the Board, a Committee or group of Committees may create, promote, manage and maintain infrastructure for a market yard or for value addition such as cleaning, standardization, grading and post harvest handling of agricultural produce including cold storages, pre-cooling facilities and pack houses in notified market area through public private partnership."

5. In the principal Act, in section 10, for sub-section (1), the following sub-sections shall be substituted, namely:-

Amendment in
section 10 of
Punjab Act 23 of
1961.

" (1) Any person may apply to the authority specified in section 9 for a licence which may be granted for such period, in such form, on such conditions and on payment of such fees as may be prescribed:

Provided that the license granted to commission agent and other market functionaries under sub-section (1) shall be valid for all the market yards notified under section 7:

Provided further that if any person carrying on any business of the nature specified in sub-section (3) of section 6 in a notified market area on the date of issue of notification under sub-section (1) of that section, fails to apply for a licence on or before the date specified therein for obtaining licence, the prescribed authority may, before a licence is issued, impose on him such penalty as may be prescribed.

(1 A) Any person may apply to the competent authority for a licence applicable to the whole of the State, which may be granted for such period, in such form, on such conditions and on payment of such fees as may be prescribed and shall be valid for all the market yards

notified under section 7."

6. In the principal Act, after section 10-A, the following sections shall be inserted, namely:-

Insertion of
sections 10-B,
10-C, 10-D and
10-E in Punjab
Act 23 of 1961.

"10-B. Any person who desires to establish a private special market
yard, private market yard, private e-trading platform,
Granting of private producer and consumer market yard or private
Licence to private person. producer market yard (Kissan Mandi) in any notified
market area under section 7, shall apply to the
competent authority alongwith requisite fee for grant of license and the
competent authority shall grant the licence for such period, in such form,
on such terms and conditions as may be prescribed.

10-C. Any dispute concerning private yards licenced under section
10-B shall be referred to the competent authority or
Settlements of dispute. any officer authorised by it and the decision thereon
shall be final.

10-D. Any person desirous of wholesale buying from the principal
market yard or sub-market yard for his own
Registration of ad-hoc buyer. consumption without obtaining licence under section
10 shall have to get himself registered with the
concerned Market Committee, in the form and in the manner, as may be
prescribed and he shall have to specify the day of purchase of agricultural
produce at the time of registration and shall be liable to pay market fee
at the prescribed rate to the said Committee before lifting the agricultural
produce:

Provided that the buyer shall not make such wholesale purchases
more than three times in a month across the State.

10-E. (1) No agricultural produce shall be sold at any place other than
the markets notified under section 7.
Sale of agricultural produce.

(2) Nothing in sub-section (1) shall apply to the sale of agricultural
produce made by the producer to any person for his domestic consumption
up to such quantity as may be prescribed.

(3) The agricultural produce may be sold by the producer at
any place outside the market yards notified under section 7 to a license
holder especially permitted in this behalf by the prescribed authority,
subject to such terms and conditions as may be prescribed:

Provided that the provisions of this Act shall not apply to the sale or

purchase of agricultural produce covered under the provisions of the Punjab Contract Farming Act, 2013."

7. In the principal Act, for section 23, the following section shall be substituted, namely:-

Substitution of
section 23 of
Punjab Act 23 of
1961.

"23. (1) A committee shall subject to such rules as may be made by the State Government in this behalf, levy on ad-valorem basis-

Levy of fees.

- (i) fees on the agricultural produce bought or sold by a licensee in the notified market area at a rate not exceeding two rupees for every one hundred rupees; and
- (ii) also additional fees on the agricultural produce when sold by a producer to a licensee in the notified market area at a rate not exceeding one rupee for every one hundred rupees:

Provided that-

- (a) no fee shall be leviable in respect of any transaction in which delivery of the agricultural produce bought or sold is not actually made; and
- (b) a fee shall be leviable only on the parties to a transaction in which delivery is actually made.

(2) Subject to the presentation of requisite documents as prescribed, no fee shall be levied on the agricultural produce bought or sold in respect of which such fee has already been paid in the same or any other notified market area within the State.

(3) Any licensee obtaining a license under sub-section (1a) of section 10, can deposit fee and additional fee, if any, with the Board within seven days of transaction irrespective of the transactions carried out in different notified market areas.

(4) In the private market yard, private producer and consumer market yard, private e-trading platform and private Producer Market Yard (Kissan Mandi), the user charges shall be levied in lieu and at the rate of market fee, however, producer-seller shall be exempted from the user charges:

Provided that the State Government, in public interest may, from time to time, by notification, put ceiling on the rate of collection of user charge.

(5) The owner of the private market yard, private producer and consumer market yard, private e-trading platform and private producer

market yard (Kissan Mandi) shall be responsible for the collection and deposit of any additional fee or cess levied by the State Government from time to time, in the Marketing Development Fund."

8. In the principal Act, after section 23-A, the following section shall be inserted, namely:-

Insertion of
section 23-B in
Punjab Act 23 of
1961.

"23-B The Board shall levy user charges for the use of infrastructure provided in the principal market yard or sub- market yard or special market yard, seasonal market yard, as the case may be, at the rate as may be prescribed."

Levy of user
charges.

9. In the principal Act, after section 25, the following section shall be inserted, namely:-

Insertion of
section 25-A of
Punjab Act 23 of
1961.

"25- A. The State Government may direct the Board to set up a separate price stabilization fund in the manner, as may be prescribed and the account of the said fund shall be maintained separately and the same cannot be utilized for the purpose other than it is made for."

Price Stabilization
Fund.

10. In the principal Act, in section 26, -

Amendment in
section 26 of
Punjab Act 23 of
1961.

- (i) clauses (x) and (xi) shall be omitted; and
(ii) for clause (xvii) except the proviso, the following clauses shall be substituted, namely:-

"(xvii) with the previous sanction of the State Government, any other purpose which is calculated to promote the general interests of the Board and the Committees;

(xviii) establishment of regulatory system and to create infrastructure for e-trading platform, e-marketing, direct marketing, e-trading, producer and consumer marketing and producer marketing ;

(xix) providing infrastructure for grading, standardization and packaging of agricultural produce;

(xx) to create and promote an infrastructure on its own or through public private partnership for a market yard of a notified market area and value addition such as cleaning, ripening standardization, grading, packaging and post harvest handling of agricultural produce;

(xxi) construction, repair, maintenance of link roads and passages to market yard."

11. In the principal Act, after section 27, the following section shall be inserted, namely:-
- Insertion of
section 27-A of
Punjab Act 23 of
1961.
- "27-A. The private market yard, producer and consumer market yard, Contribution to e-trading platform and private producer market yard Board. (Kissan Mandi) licensee shall contribute, the user charges at the prescribed rate to the Marketing Development Fund."
12. In the principal Act, in section 28, -
- Amendment in
section 28 of
Punjab Act 23 of
1961.
- (i) clauses (x), (xi) and (xvi) shall be omitted;
- (ii) for clause (xvii), the following clauses shall be substituted, namely:-
- "(xvii) with the previous sanction of the Board, any other purpose which is calculated to promote the general interests of the Committee or the notified market area ;
- (xviii) to establish regulatory system and to create infrastructure for e-trading platform, e-marketing, direct marketing, e-trading, producer and consumer marketing and producer marketing ;
- (xix) to provide infrastructure for cleaning, grading, standardization and packaging of agricultural produce;
- (xx) to create and promote an infrastructure on its own or through public private partnership for a market yard of a notified market area and value addition such as cleaning, standardization, grading, packaging and post harvest handling of agricultural produce; and
- (xxi) construction, repair, maintenance of link roads and passage o market yard."
13. In the principal Act, in section 43, in sub-section (2), -
- Amendment in
section 43 of
Punjab Act 23 of
1961.
- (i) in clause (xxxiii) , the word " and " shall be omitted; and
- (ii) in clause (xxxiv), for sign ".", the sign ";" shall be substituted and thereafter, the following clauses shall be added, namely:-
- (xxxv) to acquire, hold, sell, lease or otherwise transfer movable and immovable property;
- (xxxvi) for all other activities related to creation of market infrastructure, regulatory mechanism and specialized management of a particular market yard;
- (xxxvii) for any other matter which is required to fulfill the purposes and objectives under this Act or the rules made thereunder;

- (xxxviii) for granting the licenses to special market yard, private market yard, e-trading platform, direct marketing, producer and consumer market yard, producer market yard (Kissan Mandi) and establishing regulatory system, creating infrastructure, sharing of market fee or additional fee, if any, and user charges realized and any other activities related thereto;
- (xxxix) for all other activities related to establish regulatory system and create infrastructure for the better marketing of agricultural produce;
- (xl) for establishing of regulatory system and creating infrastructure for e-Kissan Mandi, e-marketing and e-trading;
- (xli) for the manner for establishment, functioning and funds for market extension and training cell;
- (xlii) for the grades and standards to be set up and certification, the establishment, finances and functioning for Agricultural Produce Marketing Standards Bureau;
- (xliii) for the areas for development and procedure for public private partnership; and
- (xliv) to define policy for construction, repair, maintenance of rural link roads and passages."

VIVEK PURI,
Secretary to Government of Punjab,
Department of Legal and Legislative Affairs.